

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6567

BILL NUMBER: HB 1097

NOTE PREPARED: Jan 25, 2008

BILL AMENDED: Jan 24, 2008

SUBJECT: Third-Party Rights under Health Care Contracts.

FIRST AUTHOR: Rep. Hoy

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies terms under which a third party may obtain a contractor's rights and responsibilities concerning a provider's delivery of health care services. It makes a violation an unfair and deceptive act in the business of insurance.

Effective Date: July 1, 2008.

Explanation of State Expenditures: Violations of the provisions of the bill are unfair and deceptive acts in the business of insurance which may be subject to a hearing by the Commissioner of Insurance. Adding a violation to the unfair and deceptive acts provisions could increase the number of violations for which a hearing may ensue. However, the Department of Insurance should be able to handle any additional hearings given its current level of budget and resources.

Explanation of State Revenues: As a result of a hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not be more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.